

FISCAL NOTE

HB 3026 - SB 2958

March 20, 2006

SUMMARY OF BILL: Increases the number of private beds in intermediate care facilities for persons with mental retardation (ICF/MR) by 50 beds per year for the next four years. The Division of Mental Retardation Services (DMRS) will maintain a waiting list of persons eligible for and seeking services under ICF/MR programs.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact -

\$875,000 FY 06-07
\$1,750,000 FY 07-08
\$2,625,000 FY 08-09
\$3,500,000 FY 09-10 and Subsequent Years

Other Fiscal Impact – Increase Federal Expenditures – Net Impact –

\$1,538,000 FY 06-07
\$3,076,000 FY 07-08
\$4,614,000 FY 08-09
\$6,152,000 FY 09-10 and Subsequent Years

Assumptions:

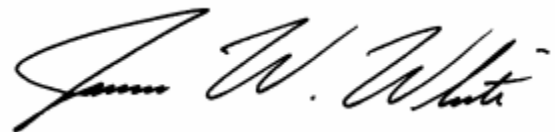
- The TennCare program provides funding to for ICF/MR services at the current Federal Financial Participation (FFP/federal match) rate of 64.735% and state match rate of 36.265%.
- As the number of persons in state ICF/MR beds decreases, the Division of Mental Retardation Services (DMRS) will incur a decrease in expenditures and a decrease in interdepartmental (TennCare) revenue. The decrease in expenditures from the reduction of state ICF/MR beds would be partially offset by the increase in expenditures associated with the increase in population at the private ICF/MR facilities.
- Each year there will be 25 people from the state Developmental Centers and 25 people from the waiting list filling the additional 50 beds.
- The average inpatient rate at private facilities with a 30% inflator for more medically fragile individuals is \$516.36 per day. There will be a 50 bed increase each year for the next four years which will result in an increase to expenditures totaling: \$9,423,570 (\$516.36 X 50 X 365) in

FY 06-07, \$18,847,140 (\$516.36 X 100 X 365) in FY 07-08, \$28,270,710 (\$516.36 X 150 X 365) in FY 08-09, and \$37,694,280 (\$516.36 X 200 X 365) in FY 09-10 and subsequent years.

- The average inpatient rate of a state developmental center is \$768.26 per day. There will be a 25 patient decrease each year for the next four years which will result in a decrease of expenditures totaling: \$7,010,373 (\$768.26 X 25 X 365) in FY 06-07; \$14,020,745 (\$768.26 X 50 X 365) in FY 07-08; \$21,031,118 (\$768.26 X 75 X 365) in FY 08-09; and \$28,041,490 (\$768.26 X 100 X 365) in FY 09-10 and subsequent years.
- The net impact on total expenditures is \$2,413,198 (\$9,423,570 - \$7,010,373) in FY 06-07, \$4,826,395 (\$18,847,140 - \$14,020,745) in FY 07-08, \$7,239,592 (\$28,270,710 - \$21,031,118) in FY 08-09, \$9,652,790 (\$37,694,280 - \$28,041,490) in FY 09-10 and subsequent years.
- Beds at the state Developmental Centers will not be filled as people move to the private ICF/MR facilities. If beds at the Developmental Centers are filled, it would have a significant impact on state and federal expenditures.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director